

## Message Text

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SAJ-01 ACDA-07 OMB-01 TRSE-00 COME-00 EB-07 LAB-04  
SIL-01 /092 W  
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P R 191701Z JAN 77  
FM AMEMBASSY LISBON  
TO SECSTATE WASHDC PRIORITY 9868  
INFO AMEMBASSY BONN  
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AMEMBASSY MADRID  
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AMCONSUL OPORTO  
AMEMBASSY PARIS  
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C O N F I D E N T I A L SECTION 1 OF 4 LISBON 00539

E.O. 11652: XGDS-4  
TAGS: ELAB, PINT, PO  
SUBJECT: PS LABOR STRATEGY: AN ASSESSMENT

REFS: (A) LISBON 0297 (DTG 121212Z JAN 77),  
(B) LISBON A-010 DATED 1/14/77,  
(C) 76 LISBON 8859 (DTG 271748Z DEC 76),  
(D) 76 LISBON 8290 (DTG 301622Z NOV 76)

SUMMARY: THE QUESTION OF HOW TO DEAL WITH THE UNION  
PROBLEM HAS PRODUCED TWO MAJOR DISCORDANT THEMES AND  
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SEVERAL MINOR VARIATIONS FROM HIGH LEVEL SOURCES IN  
THE SOCIALIST PARTY. SOME FAVOR A SECOND CONFEDERATION;  
OTHERS LABOR UNITY. IN ADDITION THERE ARE SEVERAL  
TACTICS FOR BREAKING THE PCP-INTERSINDICAL HOLD ON  
LABOR. THE RESULT IS A TYPICALLY SOARES BLEND  
OF PRAGMATISM, BALANCING OF IRRECONCILABLE FORCES,  
AND KEEPING HIS OPTIONS OPEN. THE LACK OF A CLEARLY

DEFINED SOCIALIST LINE OF UNIONS UNDERLINES THE IMPORTANCE OF PRUDENCE AND COORDINATION IN EXTERNAL EFFORTS TO ASSIST DEMOCRATIC LABOR. END SUMMARY.

1. PRIME MINISTER MARIO SOARES HAS INDICATED ON SEVERAL OCCASIONS HIS DETERMINATION TO STRENGTHEN THE SOCIALIST PARTY'S POSITION IN LABOR UNIONS (REF A). HIS OBJECTIVE IS TO BREAK PCP DOMINATION OF ORGANIZED LABOR THROUGH ITS CONTROL OF INTERSINDICAL. EXACTLY HOW THIS IS TO BE DONE IS NOT YET CLEAR TO THE RANK AND FILE AS PS SPOKESMEN ARE SENDING OUT A VARIETY OF SIGNALS. THE MOST IMPORTANT ARE:

- THE SECOND CONFEDERATION STRATEGY SOARES LABOR ADVISOR MADUREIRA FOR CREATING A NEW ORGANIZATION IN OPEN OPPOSITION WITH INTERSINDICAL;
- THE PROPORTIONAL REPRESENTATION STRATEGY OF PS ASSEMBLY LEADER AUNHA TO OBTAIN MORE REPRESENTATIVE UNION LEADERSHIPS WHICH PRESUMABLY WILL LEAD TO A DEMOCRATIC CONFEDERATION;
- THE "OPEN LETTER" STRATEGY ACHIEVING DEMOCRATIC LABOR UNITY THROUGH SPONTANEOUS INTERNAL REFORM.
- THE CURTO STRATEGY OF BYPASSING UNIONS IN FAVOR OF WORKERS COMMISSIONS;
- THE MALDONADO STRATEGY OF PARALLEL UNIONS AND A "SOCIAL CONTRACT."

2. THE SECOND CONFEDERATION STRATEGY: SOARES'S PRINCIPAL ADVISOR ON LABOR AFFAIRS IS PELAGIO MADUREIRA. MADUREIRA'S OFFICE IS IN THE SAME BUILDING AS SOARES'S CONFIDENTIAL

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AND THE TWO DISCUSS PROBLEMS ON A DAILY BASIS. MADUREIRA SEES NO POSSIBILITY OF THE SOCIALISTS BEING ABLE TO OVERTURN PCP CONTROL OF INTERSINDICAL. HE LIKewise CONCEDES THAT THE PCP WOULD DOMINATE AND MANIPULATE PS LABOR LEADERS IN ANY JOINTLY SUPPORTED LABOR CONFEDERATION. HE IS THUS A STRONG ADVOCATE FOR THE CREATION OF A SECOND LABOR CONFEDERATION, INDEPENDENT OF INTERSINDICAL. MADUREIRA ACKNOWLEDGES THAT THE SOCIALISTS'S PAST COMMITMENT TO LABOR UNITY -- WHICH MOST RANK AND FILE WORKERS STILL HOLD SACRED -- POSES A SERIOUS HANDICAP TO THE CREATION OF A SECOND CONFEDERATION. ONLY SOARES, BY EXERTING HIS PERSONAL LEADERSHIP, CAN SWING THE WORKERS TOWARD ALL-OUT SUPPORT OF A DEMOCRATIC CONFEDERATION. MADUREIRA STATES SOARES PERSONALLY HAS COME TO ACCEPT THIS VIEW, BUT HAS YET TO SHOW THE NEEDED LEADERSHIP (REF B). MADUREIRA MAINTAINS, HOWEVER, THAT IT HAS ALREADY BEEN DECIDED THAT DEFINITE STEPS WILL BE TAKEN

IN 1977 TO ESTABLISH A SECOND CONFEDERATION. SOARES  
CONFIRMED TO THE AMBASSADOR ON DEC 27 THAT HE WAS  
"LAYING THE GROUNDWORK" FOR A SECOND CONFEDERATION (REF C).

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3. THE PROPORTIONAL REPRESENTATION STRATEGY: SOARES TOLD THE  
AMBASSADOR THAT THE OPENING GUN IN THE SOCIALIST CAMPAIGN IN  
LABOR WOULD BE SEVERAL ARTICLES BY SALGADO ZENHA, THE  
PARTY'S SECOND RANKING OFFICIAL. THE ARTICLES APPEARED IN  
LEADING LISBON NEWSPAPER "DIARIO DE NOTICIAS" JANUARY 12 AND 13.  
SALGADO ZENHA CRITICIZED THE PCP FOR INSISTING UPON PROPORTIONAL  
REPRESENTATION IN THE MUNICIPAL ELECTIONS--WHERE IT WAS TO THE PCP'S  
ADVANTAGE--WHILE STRONGLY REJECTING ANY FORM OF PROPORTIONAL  
REPRESENTATION IN INTERSINDICAL. SALGADO ZENHA'S RECOMMENDED  
SOLUTION WAS FOR UNION ELECTIONS WITH "THE RIGHT TO POLITICAL  
TENDENCY", I.E., PROPORTIONAL REPRESENTATION BY POLITICAL  
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FACTIONS WITHIN EACH UNION, BUT RETAINING A UNIFIED LABOR CONFEDERATION. SECRETARY OF STATE FOR EMPLOYMENT TITO MORAIS TOLD LABATT JAN 18 THAT THIS WAS CLEARLY THE PS LABOR STRATEGY.

4. MADUREIRA PRIVATELY EXPRESSED DISMAY FOLLOWING THE APPEARANCE OF THE SALGADO ZENHA ARTICLES. HE STATED THAT ZENHA'S PROPOSED STRATEGY WAS SIMILAR TO ONE WHICH HAD FAILED IN CHILE. EARLIER ATTEMPTS TO INSTALL PROPORTIONAL REPRESENTATION IN PORTUGAL'S UNIONS, E.G., LISBON BANK WORKERS, HAVE NOT WORKED OUT SUCCESSFULLY.

5. THE OPEN LETTER STRATEGY: THE SOCIALIST PARTY HAS FORMALLY ENDORSED THE OPEN LETTER (CARTA ABERTA) MOVEMENT, BOTH AT ITS OCTOBER NATIONAL CONGRESS, AND IN EARLY JANUARY AT ITS NATIONAL COMMITTEE MEETING AT FIGUERA DA FOZ. LEADERS OF THE OPEN LETTER MOVEMENT HAVE REPEATEDLY EMPHASIZED THEIR REJECTION OF A SECOND LABOR CONFEDERATION, CALLING INSTEAD FOR A CONGRESS FOR UNITY OF ALL UNIONS, TO BE ORGANIZED ON THE BASIS OF PARITY BETWEEN INTERSINDICAL AND THE OPEN LETTER UNIONS. THE OPEN LETTER MOVEMENT MAINTAINS THAT THE INTERSINDICAL-SPONSORED ALL UNION CONGRESS TO BE HELD JANUARY 27-30 IS NON-REPRESENTATIVE, AND HAS URGED UNIONS TO ABSTAIN. SUBSTANTIAL OPEN LETTER VICTORIES IN SECRET BALLOT REFERENDUMS RECENTLY HELD IN FIFTEEN UNIONS HAVE INDEED HURT INTERSINDICAL'S CLAIM TO BE REPRESENTATIVE OF ALL PORTUGUESE WORKERS.

6. THE OPEN LETTER MOVEMENT HAS PROVIDED A RALLYING POINT FOR UNIONS NOT WISHING TO PARTICIPATE IN THE INTERSINDICAL-SPONSORED ALL UNION CONGRESS. BEYOND THAT, ITS FUTURE WOULD SEEM TO BE LIMITED, FOR IT HAS REJECTED BOTH THE ALTERNATIVES OF OPPOSITION TO INTERSINDICAL FROM WITHIN, AND THE FORMATION OF A SECOND CONFEDERATION TO OPPOSE INTERSINDICAL FROM OUTSIDE. INSTEAD, ITS LEADERS HOPE FOR SPONTANEOUS REFORM INTERNALLY GENERATED WITHIN THE INDIVIDUAL UNIONS.

7. ANOTHER MAJOR COMPLICATING FACTOR FOR THE SOCIALISTS IS  
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THAT MANY OF THE MEMBERS OF THE OPEN LETTER MOVEMENT ARE IDEOLOGICALLY ALLIED WITH THE DISSIDENT LEFT WING LIST B OF THE RECENT SOCIALIST CONGRESS. SOME OF THE OPEN LETTER LEADERS DO NOT SUPPORT--OR ARE ACTIVELY CRITICAL OF--THE SOCIALIST PARTY LEADERSHIP. IN RETALIATION, THE PARTY HAS WITHHELD FINANCIAL SUPPORT FOR SOME OPEN LETTER UNION ELECTIONS. THE RESULT IS SOMETHING OF A STAND OFF, BUT IT IS LIKELY THAT SOARES WILL

BE SELECTIVE IN SUPPORTING UNIONS OF THE OPEN LETTER MOVEMENT IN THE FUTURE.

8. STRATEGY OF LABOR MINISTER MARCELO CURTO: MINISTER OF LABOR CURTO HAS THE ADVANTAGES OF PARTY SENIORITY, GOVERNMENT POSITION, AND LABOR LAW EXPERIENCE AND SHOULD BE THE PARTY'S LEADING LABOR STRATEGIST. HIS INCONSISTENCY, BOTH IN PUBLIC AND PRIVATE, HAS WASTED THESE ASSETS TO THE POINT WHERE HE HAS FOR SOME TIME BEEN CONSIDERED A LIKELY CANDIDATE FOR REPLACEMENT.

9. CURTO IN A JANUARY 14 INTERVIEW CALLED FOR A "SOCIAL PACT" WHEREIN THE GOVERNMENT WOULD BY-PASS THE UNIONS IN FAVOR OF THE MORE REPRESENTATIVE "WORKERS COMMISSIONS" FORMED AT THE COMPANY LEVEL. WHILE IT IS COMMON FOR COMPANIES TO HAVE WORKERS FROM 20 OR 30 DIFFERENT CRAFT UNIONS, MOST FIRMS ALSO HAVE AN ELECTED "WORKERS COMMISSION" ELECTED WITHOUT REGARD TO UNION AFFILIATION. CURTO SAID THE SOCIALISTS HAD ALREADY STARTED ORGANIZING SECRETARIATS OF WORKERS COMMISSIONS ON A SECTOR BASIS. ACCORDING TO CURTO, THESE SECRETARIATS WOULD NEGOTIATE AS REPRESENTATIVES OF THE WORKERS FOR COLLECTIVE CONTRACTS ON A SECTORAL BASIS.

10. CURTO SPECIFICALLY REJECTED THE ESTABLISHMENT OF PARALLEL

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UNIONS AND A SECOND CONFEDERATION. HE SAID SUCH A POLICY WOULD NOT BE BENEFICIAL TO THE SOCIALISTS AND THAT THE PARTY HAD ENDORSED THE OPEN LETTER MOVEMENT WITHOUT RESERVATIONS. THE ARTICLE IMPLIED, WITHOUT DIRECTLY QUOTING CURTO, THAT THE AMERICAN AND WEST GERMAN GOVERNMENTS FAVORED A SECOND CONFEDERATION, AND NOTED THAT THE PORTUGUESE GOVERNMENT HAD RESISTED SUCH PRESSURES.

11. CURTO'S STRATEGY TO BYPASS THE UNIONS IN FAVOR OF "WORKERS COMMISSIONS" HAS A TOUCH OF ORIGINALITY BUT CONFIDENTIAL

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WOULD BE DIFFICULT TO IMPLEMENT. IT WOULD REQUIRE MAJOR CHANGES IN LABOR LEGISLATION.

12. STRATEGY OF SECRETARY OF STATE FOR LABOR MALDONADO: SHOULD CURTO BE REPLACED AS MINISTER, HIS LIKELY SUCCESSOR WOULD BE MALDONADO GONELHA, WHOSE STRATEGY MAY BE SUMMARIZED AS:

(1) PROVIDE SOCIALIST LABOR AN ORGANIZATION BY CAPTURING SMALLER UNIONS IN AREAS AWAY FROM THE PCP INDUSTRIAL STRONGHOLDS AND BY CREATING PARALXLEL UNIONS WHERE NECESSARY, IN COOPERATION WITH THE PSD.

(2) PROVIDE SOCIALIST LABOR AN "OBJECTIVE" IN THE FORM OF A "SOCIAL CONTRACT" WHICH WILL ALLOW THE PS TO OFFER THE RANK AND FILE A VALID ALTERNATIVE TO THE PCP'S UNREALISTIC DEMANDS. TOO OFTEN SOCIALIST UNION LEADERS CURRENTLY FIND THEMSELVES SUPPORTING COMMUNIST LABOR DEMANDS BY DEFAULT, AS THEY HAVE NO ATTRACTIVE ALTERNATIVE TO OFFER.

(3) HAMPER INTERSINDICAL THROUGH LEGISLATION ENDING AUTOMATIC DUES CHECK-OFFS AND FACILITATING VOTING IN UNION ELECTIONS (REF D).

13. COLLABORATION WITH THE PSD: ANOTHER POINT OF DIFFERENCE WITHIN THE PS IS THE DEGREE TO WHICH THE

PARTY SHOULD COLLABORATE IN LABOR AFFAIRS WITH THE SOCIAL DEMOCRATIC PARTY (PSD). IN NATIONAL ELECTIONS THE TWO BIGGEST DEMOCRATIC PARTIES TOGETHER CONTROL 60 TO 70 PERCENT OF THE POPULAR VOTE. YET WHEN THE PS AND PSD RUN SEPARATE SLATES IN UNION ELECTIONS, BOTH OFTEN LOSE TO A PCP PLURALITY. THIS WAS ILLUSTRATED MOST RECENTLY DEC 18 WHEN A PCP SLATE WON ELECTIONS IN THE IMPORTANT SOUTHERN PUBLIC EMPLOYEES UNION DUE TO THE FAILURE OF THE PS AND THE PSD TO AGREE ON A

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COMMON SLATE.

14. PSD LABOR LEADERS INSIST THEY ARE WILLING TO COOPERATE WITH THE SOCIALISTS BUT THAT THEIR OVERTURES ARE USUALLY REJECTED. THEY ADMIT SOME DEGREE OF TACIT COLLABORATION EXISTS, PARTICULARLY IN AREAS OF PSD STRENGTH, BUT COMPLAIN THAT TOO OFTEN THEY END UP SUPPORTING PS SLATES WITH NOTHING TO SHOW FOR THEIR EFFORTS IN RETURN. SOCIALIST REACTION TO THESE CHARGES VARIES. MADUREIRA AND MALDONADO FAVOR COOPERATION WITH THE PSD. THEY ADMIT THE PSD CHARGES HAVE FOUNDATION AND FEAR THAT PS OBSTINANCE MAY CAUSE THE PSD TO CREATE YET A SEPARATE LABOR CONFEDERATION. EVEN SOARES HAS SPOKEN HOPEFULLY OF COOPERATION. OTHER SOCIALIST LEADERS TAKE A MUCH DIMMER VIEW, POINTING OUT THE POOR STATE OF RELATIONS BETWEEN THE TWO PARTIES AND THE DIFFICULTY OF ESTABLISHING A WORKABLE RELATIONSHIP WITH PSD LEADER SA CARNEIRO. THE EMBASSY'S JUDGMENT IS THAT WHILE IT MIGHT BE POSSIBLE FOR THE TWO PARTIES TO ACHIEVE A TACIT WORKING RELATIONSHIP FOR A ONE-TIME TRAINING PROJECT OR A SPECIFIC UNION ELECTION, IT IS UNLIKELY THAT A WORKABLE LASTING ORGANIZATIONAL STRUCTURE CAN BE CREATED WITHIN THE NEXT FEW MONTHS.

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AMCONSUL OPORTO

AMEMBASSY PARIS

AMCONSUL PONTA DELGADA

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15. THE OVERALL PS STRATEGY: SOARES HAS LONG EXPRESSED CONCERN ABOUT LABOR BUT UNTIL NOW HAS BEEN FORCED TO FOCUS HIS ATTENTION ON OTHER MATTERS. SOME CLAIM THAT DESPITE HIS PROTESTATIONS OF INTEREST SOARES HAS IGNORED THE PARTY'S LABOR SECTOR. THEY POINT OUT HE HAS NOT MET DIRECTLY WITH SOCIALIST UNION LEADERS SINCE JULY. WHETHER BY INTENTION OR BY INADVERTENCE, THE SOCIALISTS ARE NOW IN THE POSITION OF BEING ABLE TO CHOOSE THE BEST ELEMENTS OF EACH STRATEGY. THEY KNOW THAT THEY ARE NOT DEALING FROM A POSITION OF STRENGTH. THE CENTRAL ISSUE IS HOW TO END INTERSINDICAL-PCP CONTROL OF MOST OF THE TRADE  
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UNION MOVEMENT. THE OPEN LETTER EFFORT WAS SIMPLY TOO LITTLE TOO LATE. IRONICALLY IT NOW BECOMES ONE OF A SERIES OF COMPLICATING FACTORS WITH WHICH THE SOCIALISTS MUST DEAL IN PUTTING TOGETHER A WINNING STRATEGY. THE RESULT IS A TYPICALLY SOARES BLEND OF PRAGMATISM, BALANCING OF SEEMINGLY IRRECONCILABLE FORCES, AND KEEPING HIS OPTIONS OPEN.

16. MAJOR ELEMENTS OF THE MOST LIKELY SOCIALIST SOLUTION INCLUDE:

-- BACK TO BASICS: THE MALDONADO PLAN FOR BUILDING A PARALLEL STRUCTURE, CONCENTRATING THE MAJOR EFFORT ON AREAS OUTSIDE THE LISBON INDUSTRIAL BELT.  
-- DISARMING INTERSINDICAL: SALGADO ZENHA'S PITCH FOR PROPORTIONAL REPRESENTATION IN UNION ELECTIONS



IS DESIGNED TO UNDERScore THE UNREPRESENTATIVE NATURE  
OF INTERSINDICAL. IT IS ANOTHER IN A SERIES OF STEPS  
LAYING THE GROUNDWORK FOR STEPPED UP PS ORGANIZATIONAL  
EFFORTS DESIGNED TO BREAK THE BACK OF INTERSINDICAL.  
-- THE "SOCIAL CONTRACT": THE "SOCIAL CONTRACT"  
CONCEPT IS THE SOCIALIST ATTEMPT TO ENGAGE LABOR IN  
THE ESSENTIAL BELT-TIGHTENING EFFORT WHICH MUST COME.  
CURTO CALLED ATTENTION TO THE ROLE OF WORKERS COMMISSIONS;  
BUT THE SOCIALISTS WILL ALSO SEEK HELP FROM THE OPEN  
LETTER MOVEMENT AND PARALLEL UNIONS TO BE ORGANIZED.  
FOR THE "SOCIAL CONTRACT" TO WORK, AND THERE IS AMPLE  
ROOM FOR PESSIMISM, THE SOCIALISTS RECOGNIZE THAT THEY  
WILL EVENTUALLY HAVE TO COME TO TERMS WITH UNIONS NOW  
UNDER PCP CONTROL; THE PS WANTS TO DEAL FROM STRENGTH.  
-- MANAGING DISSIDENCE: CURTO'S DISAVOWAL OF PARALLEL  
UNIONS AND A SECOND CONFEDERATION, WHILE  
REITERATING FULL SUPPORT FOR THE OPEN LETTER MOVEMENT,  
IS AN APPARENT DISCORDANT NOTE. HOWEVER, PUBLIC DISAVOWALS  
OF "DIVISIONIST" INTENTIONS SHOULD BE EXPECTED AS THE  
OPEN LETTER UNIONS AND INTERSINDICAL MOVE DOWN  
THE WIRE IN THEIR HEAD-TO-HEAD COMPETITION PRIOR TO THE  
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INTERSINDICAL CONGRESS. BUT CURTO, WHO HAS  
BEEN INCREASINGLY PUSHED ASIDE WHEN IMPORTANT PS LABOR  
DECISIONS ARE MADE, REMAINS A POTENTIAL PROBLEM AS  
DO ELEMENTS OF THE OPEN LETTER MOVEMENT LINKED  
TO DISSIDENT ELEMENTS OF THE PS LEFT WING. SOARES MUST  
ACT CAUTIOUSLY, PARTICULARLY WHILE THE PS STRATEGY  
TAKES HOLD AND THE SOCIALISTS BUILD A MORE SECURE  
BASE IN THE LABOR SECTOR MOVING BEYOND THE OPEN  
LETTER NUCLEUS.

17. THE ABOVE HELPS TO EXPLAIN WHY THERE ARE DIFFERING  
THEMES FROM DIFFERENT SOCIALIST SOURCES, EACH MAINTAINING  
THAT THEY REPRESENT SOCIALIST LABOR POLICY. IT UNDERScores  
THAT NOW MORE THAN EVER THERE IS NEED FOR POLITICAL  
SENSITIVITY, PRUDENCE, AND COORDINATION ON THE PART  
OF THOSE WHO WOULD ASSIST THE DEMOCRATIC LABOR  
MOVEMENT IN PORTUGAL.  
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